

Message Text

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ORIGIN AF-04

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FM SECSTATE WASHDC

TO AMEMBASSY NAIROBI

AMEMBASSY ABIDJAN

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FOLLOWING REPEAT LUSAKA 0567 ACTION SECSTATE 29 MAR

QUOTE

LIMITED OFFICIAL USE LUSAKA 0567

PASS OPIC

EO 11652: DECONTROL ON RECEIPT

TAGS: EFIN, EIND, ZA

SUBJECT: TAW: STATEMENT TO PRESS

REF: STATE 62078

1. FOLLOWING IS SUMMARY OF STATEMENT ISSUED MARCH 28
BY TAW INTERNATIONAL LEASING.

2. BEGIN SUMMARY: CONTRACTS. UNDER MAY 1, 1973,
GRZ CONTRACT WITH TAW AND RELATED COMPANIES, TAW TO
PROVIDE MOST EFFICIENT TRANSPORT SYSTEM IN AFRICA THROUGH
LEASE OF 300 POWERFUL LONG-HAUL, SPECIALLY DESIGNED TRUCKS
AND 400 STURDY REINFORCED TRAILERS; MAINTENANCE AND
SERVICE; AND TRAIN 600 - 800 DRIVERS, 200 MECHANICS AND
MANAGERS TO OPERATE SYSTEM. AT END THREE YEARS GRZ HAD
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RIGHT TO PURCHASE TRUCKS AND TRAILERS AT MODEST PRICE.

3. TAW PERFORMANCE. ORIGINAL DELIVERY DATE SEPTEMBER 1, 1973, BUT CONTRACT ALLOWED FOR DELAYS BEYOND TAW'S CONTROL, AND GRZ GAVE "CONSTANT ASSURANCES" ORALLY AND IN WRITING MODIFYING ORIGINAL DATE. NOTE DELAYS HAVE OCCURRED AND CONTINUING OCCUR IN VEHICLE DELIVERIES FROM EUROPEAN SUPPLIERS.

4. TAW PERFORMANCE SUPERIOR TO OTHER SUPPLIERS. TAW DELIVERED 34 TRUCKS AND 50 TRAILERS JULY 1973, TRAINED 150 ZAMBIAN DRIVERS, WHO HAVE BEST SAFETY RECORD IN ZAMBIA, AND 30 MECHANICS. THESE TRUCKS AND TRAILERS HAVE BEEN OPERATIONAL 90 PERCENT OF TIME COMPARED TO HISTORICAL AVERAGE OF 50 PERCENT FOR OTHER FLEETS IN ZAMBIA. TAW TRUCKS AVERAGED TWO ROUND TRIPS PER MONTH, OTHERS ONLY ONE.

5. JAN 1974 TAW DELIVERED 27 ADDITIONAL TRUCKS AND TRAILERS WHICH WERE UNCONDITIONALLY ACCEPTED BY GRZ. THOUGH TAW BLAMED FOR DAR BACKLOG, THOSE TRUCKS USED ONLY ONCE. MOREOVER, 34 UNITS WHICH ARRIVED JULY NOT USED FOR ONE MONTH DUE DELAY IN GRZ LICENSING; THEY WERE USED BY GRZ PRIMARILY ON ROUTES OTHER THAN TO DAR; TAW FLEET IS APPROXIMATELY ONE-THIRD OF UNITS ORDERED BY GRZ FROM ALL SUPPLIERS. TAW NOT RESPONSIBLE FOR TRANSPORTATION CRISIS; ALONG MALAMBO ROAD ONE CAN SEE DOZENS UNUSED CONTINGENCY VEHICLES.

6. IN FEB 1974, 100 TRUCKS AND TRAILERS ON DOCK READY FOR SHIPMENT; REMAINDER WERE TO BE READY FOR SHIPMENT IN SEVERAL WEEKS. NETWORK OF WORKSHOPS WERE ESTABLISHED IN SEVERAL LOCALITIES. DRIVER AND MECHANIC TRAINING WAS PROCEEDING. THIS IMPRESSIVE RECORD "IN STARK CONTRAST" TO RECORD OF OTHER SUPPLIERS.

7. CANCELLATION BY GRZ. CANCELLATION CAME "SUDDENLY AND WITHOUT WARNING" FEB 19, LESS THAN ONE MONTH AFTER GRZ UNCONDITIONALLY ACCEPTED 27 UNITS AND LITTLE OVER MONTH AFTER HAVING AGREED IN WRITING TO ACCEPT ALL TRUCKS LIMITED OFFICIAL USE

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AND TRAILERS DELIVERED BY TAW. REASON GIVEN WAS TAW FAILURE MEET ORIGINAL DELIVERY DATE LONG SINCE MODIFIED BY GRZ. TAW COUNSEL ADVISED CANCELLATION WAS "WRONGFUL, UNJUSTIFIED REPUDIATION" OF TAW CONTRACTS "WHICH ENTITLES TAW TO ACTUAL DAMAGES IN EXCESS OF K17 MILLION."

8. TAW IMMEDIATELY REQUESTED MEETING WITH GRZ OFFICIALS. GRZ DELAYEE FOUR WEEKS UNTIL MEETING MARCH 19. TAW

OFFERED CONTINUE PERFORMANCE, KEEPING OFFER OPEN TO MARCH 28.
UNFORTUNATELY, GRZ POSITION DID NOT CHANGE. TAW HAS NO
CHOICE BUT TO TAKE MATTER TO ARBITRATION IN LONDON.

9. EFFECT OF CANCELLATION. TAW BELIEVES GRZ POSITION
"TRAGIC MISTAKE." ZAMBIA BEING DEPRIVED OF TRANSPORT
SYSTEM CAPABLE OF SOLVING BOTH CURRENT AND FUTURE TRANSPORT
PROBLEMS. ZAMBIA WILL BE LEFT WITH FLEETS OF EUROPEAN
EQUIPMENT NOT DESIGNED FOR LONG AFRICAN ROUTES, BADLY
MAINTAINED, LACKING SPARE PARTS, OPERATING HISTORICALLY
ONLY 50 PERCENT OF TIME. ONLY POSSIBLE BENEFICIARY IS
EUROPEAN SUPPLIERS WHO WILL HAVE ADVANTAGE OF REPLACING
THEIR EQUIPMENT AS IT BREAKS DOWN IN COUPLE OF YEARS.
CANCELLATION IS VICTORY FOR THOSE WHO SEEK SCAPEGOAT FOR
ZAMBIA'S TRANSPORT PROBLEMS. COST TO ZAMBIAN PEOPLE
"NOT JUST IN TERMS OF MONEY BUT ALSO TERMS OF
TRANSPORTATION INDEPENDENCE, IS ENORMOUS." END SUMMARY.)

10. FULL TEXT BY POUCH.

11. TAW ALSO ISSUED SEPARATE PRESS RELEASE ON REMARKS
MADE BY TAW PRESIDENT TO
WOOD. RELEASE COVERED
SAME GROUND IN BRIEFER FORM. ONLY NEW POINTS WERE WOOD
ASSERTION HE CONFIDENT TAW DAMAGE CLAIM WOULD BE
SUCCESSFUL, TAW HAD ANTICIPATED FOUR ROUND TRIPS
PER MONTH TO DAR COMPARED TO ONE FOR OTHER FLEETS, AND
GRZ DECISION TO CANCEL MADE BY INEXPERT GRZ AUTHORITIES
WHO "NOT WELL ADVISED BY THEIR CONSULTANTS." FULL TEXT
BY POUCH.
NELQON UNQUOTE RUSH

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